

LA Excelsior Conservative Portfolio



As at 31 October 2011

Portfolio objective

The Portfolio aims to produce a risk/return profile consistent with that required by a conservative investor. Conservative investors are investors who want stability and are more concerned with protecting the current value of their investment than increasing its real value.

Portfolio facts

Portfolio manager	Robin Eagar
Management company	STANLIB
Launch date	March 2006
Portfolio type	Single Manager
Portfolio size	R 145,281,040
Benchmark	20% FTSE/JSE All Share Index 30% FTSE/JSE All Bond Index 20% SAPIX SA Property Owners Index 30% STeFI Index (Cash Index)
Additional Information	The Excelsior Lifetime Phase 1 mirrors the performance of this portfolio

The performance of the portfolio benchmark over time provides the basis against which the portfolio manager will be measured.

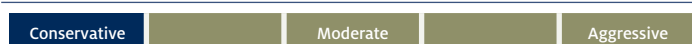
Please consult the current portfolio grid for any current restrictions on the availability of portfolios for new business and switching.

Who should invest in this portfolio

This portfolio is suited to the investor who:

- wants to preserve capital over rolling 18-month periods
- has an investment horizon of at least 3 years
- wants some growth over rolling 3 year periods, but with limited fluctuations from year to year

Risk profile



No adjustment has been made to the above risk profile for the guaranteed version of the portfolio. If a guarantee is selected on the portfolio, then the risk profile will be lower, provided the investor remains in the guaranteed portfolio for the duration of its guaranteed term.

What return is this portfolio designed to achieve?

Expected return*	CPI + 0.5%
Investment horizon	3 years

The Consumer Price Index (CPI) measures the increase in the price of the basket of goods an average family would buy over a specified period of time.

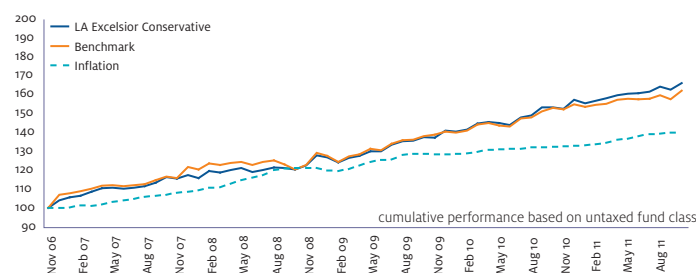
* Expected return is after the deduction of tax but before any Liberty Life charges and fees have been deducted.

Quarterly commentary (1st quarter)

The prudent stock selection strategy taken within the equity portfolio has been the main detractor from performance over the past 12 months, and has impacted the longer dated performance numbers given the extent of high beta stocks outperformance over those periods. Over the quarter, the portfolio was overweight International Equities and Telecommunications, as well as an underweight in Insurance, which were the main contributors to negative performance. The sectors that did contribute to performance were overweight's in Retail & Personal Household Goods, and an underweight in Industrial Goods & Services.

The 12-month return for the bond component was higher than that of the benchmark All Bond Index by a margin of 0.75%. Corporate bond spreads continued to compress during the fourth quarter, thereby benefiting the portfolio. During the fourth quarter, the portfolio's position in the 12+ area was increased further on expectations of a flatter yield curve. Major yield curve trades were an increase in the overweight position in the 12+ area, which was funded by cash and sales of shorter dated instruments. Moving up the yield curve has an added advantage of higher yield pickup. The modified duration of the portfolio was increased from 6.0 years to 6.5 years.

Performance

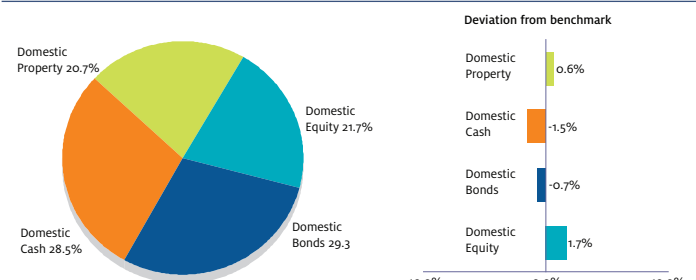


Returns

	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years
Taxed	2.47%	3.24%	6.79%	8.32%	9.43%	8.96%
Retirement Annuity	2.96%	4.13%	8.63%	10.13%	11.47%	10.98%
Untaxed	2.93%	4.09%	8.40%	9.97%	11.37%	10.96%
Company	2.44%	3.26%	7.09%	8.43%	9.46%	8.96%
Benchmark	2.73%	3.12%	8.81%	10.77%	12.01%	11.29%
Inflation	1.45%	2.68%	5.69%	4.33%	4.93%	6.98%

Please Note: The above investment returns are after four-fund tax has been deducted but before any Liberty Life charges have been deducted, with applicable distributions reinvested and are on a sell-to-sell basis. They are applicable to single contributions and are for Excelsior 300 and 500 Series products for the periods above. Investment returns for periods less than one year are not annualised.

Asset allocation



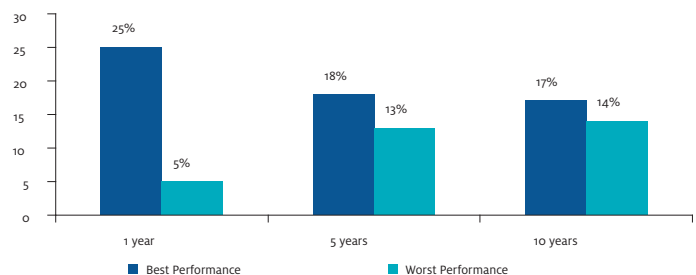
*asset allocation based on untaxed fund class

Top ten equity holdings

MTN Group Limited	10.0%
Sasol Ltd	6.9%
Billiton Plc	6.7%
British American Tob	5.0%
SAB Miller Plc	5.0%
Anglo American Plc	5.0%
First Rand Ltd	3.8%
Steinhoff Int. Holdi	3.6%
Tiger Brands Limited	3.4%
Compagnie Fin Richem	3.0%

Return volatility

The graph below indicates the volatility of annual investment returns for an investor in this portfolio. The highest and lowest annual returns over 1, 5 and 10 year intervals have been shown based on the portfolio being invested in the benchmark. The calculations are based on investment returns during the 20 years to 01/01/2007.



No allowance has been made for the impact of tax or charges and fees in calculating these returns.

Disclaimer

The information contained in this document does not constitute advice by Liberty Life. Whilst every attempt has been made to ensure the accuracy of the information contained herein, Liberty Life cannot be held responsible for any errors that may occur. Past performance cannot be relied on as an indicator of future performance. Investment performance will depend on the growth in the underlying assets, which will be influenced by inflation levels in the economy and prevailing market conditions. Source: Liberty Life, STANLIB.

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